



Department of Justice

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INSULATION SERVICE COMPANIES AND EXECUTIVE PLEAD GUILTY TO BID RIGGING AT NEW YORK CITY HOSPITALS

WASHINGTON — Two Long Island, N.Y. insulation service companies and an owner of the companies pleaded guilty today to conspiring to rig bids on the supply of maintenance and insulation services to New York Presbyterian Hospital (NYPH) and Mount Sinai Medical Center (Mount Sinai), the Department of Justice announced.

Michael Theodorobeakos of Upper Saddle River, N.J., and two maintenance and insulation companies he co-owned – Monosis Inc. (Monosis) and STU Associates Inc. (STU) – pleaded guilty in U.S. District Court in Manhattan for rigging bids to NYPH and Mount Sinai. Between approximately 2000 and September 2005, NYPH and Mount Sinai purchased substantial quantities of maintenance and insulation services from Theodorobeakos, Monosis, STU and co-conspirators. Theodorobeakos and the co-conspirators attempted to create the appearance that NYPH and Mount Sinai were awarding contracts based on competitive bids, when, in fact, they frequently were not.

“The Antitrust Division is committed to protecting the competitive market for Americans,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. “We will continue to apprehend and bring to justice those who rig bids and thereby deprive the public of the benefits afforded by a truly competitive bidding process.”

As part of the conspiracy, the indictment charges that Theodorobeakos, Monosis, STU and the co-conspirators carried out the conspiracy by:

- Designating which company would submit the low bid and which company would submit a higher, complementary bid;
- Creating the illusion of a competitive bidding process by using each other's letterhead to submit high, non-competitive bids; and
- Providing and being aware of kickbacks to co-conspirators in order to frustrate and subvert the competitive bidding policies of NYPH and Mount Sinai.

The bid rigging crime with which Theodorobeakos is charged carries a maximum penalty of 10 years in prison, three years of supervised release, and a \$1 million fine for an individual. Monosis and STU face a maximum fine of \$100 million. The maximum fine may be increased

to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

This charge arose from an ongoing federal antitrust investigation of fraud, bribery, tax-related offenses and bidding irregularities in the award of maintenance and service contracts to the engineering departments of Mount Sinai and NYPH. The investigation is being conducted by the Antitrust Division's New York Field Office with the assistance of the Federal Bureau of Investigation (FBI) and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the industrial maintenance and cleaning supplies industry should contact the New York Field Office of the Antitrust Division at 212-264-9308 or the New York Division of the FBI at 212-384-3252.

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